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## SENATE BILL No. 245

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5-5-38.2.

**Synopsis:** Sales tax treatment of motor vehicle discounts. Provides that a rebate or employee discount on the sale of a motor vehicle is not part of the gross retail income received by the seller when determining the sales and use tax amount.

**Effective:** July 1, 2010.

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### Buck

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January 11, 2010, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

## SENATE BILL No. 245

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-2.5-5-38.2 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 38.2. **(a)** The value of  
3       an owned vehicle is exempt from the ~~Indiana~~ gross retail tax in a  
4       vehicle lease transaction if the owned vehicle is exchanged for a like  
5       kind vehicle.

6       **(b) The value of a third party's payment or credit, including an**  
7       **employee discount, on the sale or lease of a motor vehicle is exempt**  
8       **from the gross retail tax if the customer's purchase agreement**  
9       **shows that:**

10       **(1) the payment or credit is directly related to a price**  
11       **reduction or discount on the sale or lease;**

12       **(2) the seller or lessor has an obligation to pass the price**  
13       **reduction or discount through to the purchaser;**

14       **(3) the amount of the price reduction or discount is fixed and**  
15       **determinable by the seller or lessor at the time of the sale or**  
16       **lease to the purchaser; and**

17       **(4) the price reduction or discount is identified as a third**



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1            **party price reduction or discount.**

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